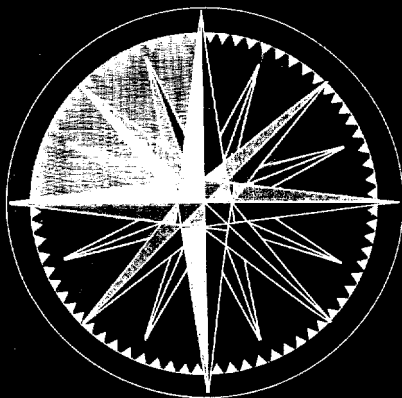


11 June 1965

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WEEKLY SUMMARY

State Dept. review
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DIA review
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OFFICE OF CURRENT INTELLIGENCE

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LEFTIST INFLUENCE IN LABOR GROWING IN PANAMA

The growing influence of Communists and other extremists in the labor ranks will present difficult problems for President Robles, already under fire from his wealthy-class supporters for having intervened to settle a sugar workers' strike in April.

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VIETNAM

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The Vietnamese Communists, both north and south, continue to demonstrate their lack of interest in negotiations or a cease-fire at this time. The Viet Cong are pressing their military offense with increasing vigor in the face of the continued build-up of US military forces; the DRV has rebuffed a new approach concerning negotiations and is pushing civil defense measures.

DRV Political Developments

According to press reports from Ottawa, the DRV foreign minister, when urged by the Canadian ICC delegation to clarify the North Vietnamese position on the possibility of negotiations, refused to specify whether Pham Van Dong's four-point April proposal constituted preconditions or ultimate goals for a peaceful settlement. The Canadian report indicated that the North Vietnamese showed no interest in negotiations at the present time.

Its recent charges that the US has extended its air strikes to economic targets north of the 20th parallel are probably designed to prepare the Vietnamese population for a possible extension of the bombings to more significant industrial targets.

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Expressions of a resolve to continue the fighting highlighted Hanoi's solidarity conference, which closed on 7 June after five days of meetings with expected denunciation of US policy in South Vietnam. The delegates were of lesser stature than those at a similar gathering last November, but Hanoi apparently intends to continue to use this device to focus world attention on Vietnam and marshal leftist support.

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Although the conference appeared to run smoothly and gave the impression of a unanimity of views on support for the war, an outcropping of Sino-Soviet polemics appeared when the Chinese delegate attacked the USSR for paying "lip service for solidarity with the Vietnamese people" while failing to support them in deeds. Hanoi's publication of these remarks contrasts with the care it has shown in the last few months to avoid any public criticism of the USSR.

Hanoi reacted quickly to Western press reports on 8 June that the US had authorized combat use of US troops in South Vietnam under certain conditions. Hanoi Radio on 9 June quoted a Liberation Front statement warning that "if the US Government gives itself the right to order US troops to take part in fighting in South Vietnam, the NFLSV also gives itself the right, when necessary, to call for volunteers from the armies of North Vietnam and of friendly countries to go south to oppose US aggression." The threat to call for "volunteers" is not new, but the specification that these volunteers would be from regular military units is. This new threat is still qualified with the contingent phrase "when necessary," however.

Chinese Developments

The Chinese, apparently anticipating that the US is about to increase the level of military operations in Vietnam, continue their efforts to deter it. They have again warned of

the possible consequences of intensifying military pressure on North Vietnam or escalating the war by air attacks against China.

In a 3 June message to the solidarity conference in Hanoi, Chou En-lai declared that no matter what the US may do, the Chinese people will side with the Vietnamese to carry through the struggle against the US to the end. On 4 June the deputy chief of the General Staff asserted at a banquet in Peiping that the Chinese were determined to give "utmost support" to the Vietnamese and warned that since the US was sending more troops to Vietnam, extending its bombing of North Vietnam, and posing an "increasingly serious threat to the security of China," it "cannot expect that we will not take further necessary measures."

Viet Cong Actions

The Viet Cong are stepping up both the scale and intensity of the war. Heavy action is occurring in South Vietnam's northernmost provinces, the central highlands, and the Hop Tac pacification area around Saigon.

The Viet Cong are making good use of their most effective military tactic--the ambush--to inflict heavy casualties; highly successful multiple ambushes were launched last week against government convoys and reaction forces in Pleiku, Phu Bon, Darlac, and Kontum provinces. Large-scale attacks on 8 and 9 June in Long Khanh and Phuoc Long provinces north of Saigon also resulted in heavy government

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losses. In the Long Khanh engagement, an estimated two Communist battalions attacked and overran a Vietnamese militia training center, resulting in 107 military and 50 to 100 civilian casualties. In the action at Phuoc Long, a reinforced Viet Cong battalion attacked the district town of Don Xoai and a nearby US Special Forces camp, with initial US casualties placed at 24 killed and wounded.

Since the beginning of May acts of sabotage have increased sharply, with frequent interdiction efforts against major transportation routes. This suggests not only an effort to hamper overland troop movements but also increasing economic pressure. New rice shortages have been reported in some provincial towns. Rubber plantations northeast of Saigon are feeling increased hardship.

Political Developments
In the South

Premier Quat's prospects of weathering the current po-

litical crisis remain uncertain in the face of the still unresolved cabinet dispute and of mounting agitation from opposition factions spearheaded by the militant Catholic refugees from North Vietnam. A tenuous compromise, under which Chief of State Suu was supposed to waive his constitutional objections to Quat's dismissal of two incumbent cabinet members, has apparently collapsed with Suu's insistence on censure by the National Legislative Council of the ministers concerned.

Premier Quat, presumably uncertain of the requisite council support for either a vote of censure against the ministers or an amendment to the provisional constitution, now has turned to the military to mediate the dispute. With signs of impatience among some generals over government paralysis from continued infighting and opposition demands for Quat's ouster, there is no guarantee that military leaders will be able to solve the crisis short of resuming control.

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The Communist World

MOSCOW MAINTAINS HOSTILE ATTITUDE TOWARD THE US

Moscow's failure to respond favorably to the President's most recent speeches on US-Soviet relations points up the steadfastness of Soviet leaders in their commitment to Hanoi. The deterioration in relations was underscored by the USSR's 8 June rejection of two US proposals for scientific collaboration. In addition, the Foreign Ministry's press chief recently told US representatives that there would be some "putting on of brakes" in cultural exchanges.

A TASS commentary, remarking on the recent flurry of speeches

by US leaders, sarcastically contrasted the President's references to "love of peace" in his 4 June speech in Chicago with press reports of a planned US build-up of forces in South Vietnam. In another caustic indictment of US policies in Vietnam, Presidium member Suslov in a 2 June speech claimed that the President's efforts to give "legal" substantiation to his "treacherous policy" in Vietnam could not hide the indisputable fact that "American imperialism is the worst enemy of all freedom-loving people."

SOVIET CONVENTIONAL FORCES RECEIVE NEW ATTENTION

Recent statements by prominent Soviet military figures emphasizing the role of conventional forces in a future war suggest that differences of opinion still exist within the military on basic doctrinal questions. These statements may also be part of an attempt to influence the political leadership against considering any further reductions in the size of the Soviet armed forces--a policy which was implemented under Khrushchev. Although the statements do not challenge the widely held view that the strategic rocket forces will be decisive, they indicate a continuing belief in the need for large conventional forces to ensure victory in any future confrontation--nonnuclear as well as nuclear--with the West.

On 4 June, Soviet Marshal Rotmistrov, chief marshal of

armored troops, told the US Army attaché in Moscow that, as mutual deterrence became more effective, the USSR would maintain the capability of overrunning Europe in 60 to 90 days with or without the use of nuclear weapons. As a result, said Rotmistrov, Europe remained a "hostage" to Soviet ground forces and thus it was "foolish" to think these would be reduced. To the contrary, concluded the marshal, the ground forces had been strengthened not only by missiles, but "conventionally" as well. In response to a query, Rotmistrov also said that the size of the Soviet armed forces given by Marshal Sokolovsky last February (2,423,000) was too low and should not be accepted.

On the same day as Rotmistrov's statement, Red Star

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published another major article in its "Revolution in Military Affairs" series containing a strong statement in favor of a large army. The article asserted that new weapons did not lessen the need for people and concluded that, with the constant threat of war, there had to be adherence to the "principle of maintaining a regular army which in its make-up, numerical strength, and training could quickly repel an attack and defeat an aggressor at the very beginning of war."

In May, Defense Minister Malinovsky, in a Moscow speech celebrating the Warsaw Pact's 10th anniversary, said that in the next war "superiority in manpower and material will be on our side...irrespective of whether war is to be waged with the use of nuclear weapons or without them." His remarks were either modified or not reported in the Soviet news organs, suggesting that the need for a large standing army is still a major and sensitive issue in the ongoing military debate.

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SOVIET MILITARY AID TO

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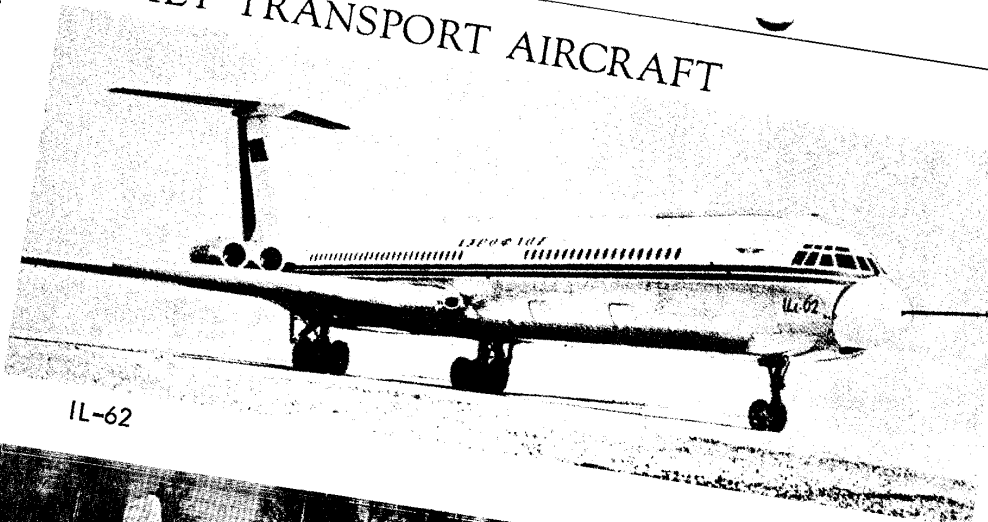
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At least ten Soviet freighters have delivered military equipment to Egypt this year. Included in the shipments have been surface-to-air missile (SAM) equipment, prefabricated sections of subchasers for assembly at the Alexandria shipyards, artillery, helicopters, aircraft bombs, and trucks. Moscow appears to be stepping up deliveries, probably completing older orders before shipment of later model military equipment ordered in November 1964 for which specific contracts still are being signed.

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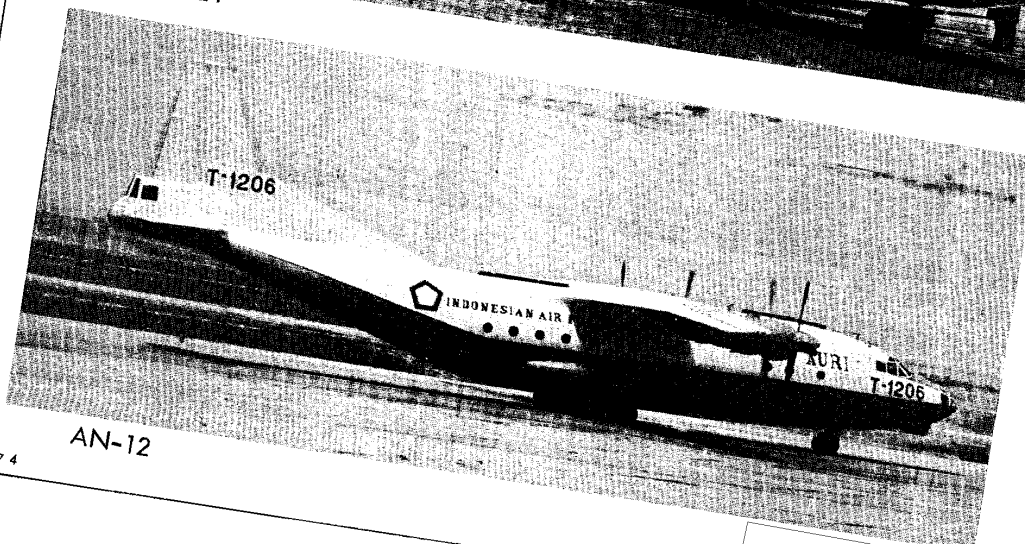
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SOVIETS STILL SEEK MARKET FOR COMMERCIAL AIRCRAFT SALES

Efforts to introduce Soviet aircraft in the free world have been directed primarily toward the underdeveloped countries, but increasing attention is being paid to potential sales in the industrial West. The Communist countries, however, remain the leading customers.

At the Paris air show, Moscow is displaying a variety of civil transports and helicopters including the new 168- to 186-passenger IL-62 four-engine jet transport and the MI-8 turbo-prop helicopter--both advertised for export in 1967. Also among the exhibits is a nonflying model of the newest Tupolev transport, the TU-144, described by Aviation Week and Space Technology as "an exceptionally large subsonic commercial transport."

Several Communist countries have recently ordered Soviet aircraft. Bulgaria is scheduled to receive three more IL-18 turbo-prop and some TU-124 jet transports this year and East Germany has contracted for six short-range turboprop AN-24 transports and two TU-124s, while Poland has an option for the purchase of two or three AN-24s. Communist China followed up its purchase of five IL-18s in 1964 with an order this year for at least five of the long-range model of the IL-18 and probably five MI-6 helicopters.

The AN-24 apparently has some market potential in the underdeveloped countries. United Arab Airlines has seven, and Lebanese Air Transport Company has bought at least one and perhaps has several more on order.

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The AN-12 military cargo transport also has some popularity in the underdeveloped countries. India has more than 30 such aircraft, Indonesia has six and has ordered more, Algeria has at least six, Iraq three, and the UAR has bought or leased about 20, some of which have been used to establish a civil air freight company.

Soviet attempts to sell large commercial transports, particularly jet aircraft, have had little success. Moscow was unable to sell the TU-104 jet transport to any free world country, even at give-away prices. The IL-18 turboprop, currently used by most airlines in Communist countries, has been purchased in the free world by only Ghana, Guinea, and Mali. These countries have been unable to make effective use of the IL-18 because of its high operating costs and the difficulty and expense of maintenance. Ghana, after long negotiations, obtained Soviet approval to return four of its eight IL-18s, and Guinea is trying to return the ones it has.

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CHOU EN-LAI MAKES QUICK AFRO-ASIAN TRIP

Chinese Communist Premier Chou En-lai headed home on 9 June after a hurried trip which took him to seven Afro-Asian capitals in seven days. Apparently his main objective was to line up support for Peiping at "Bandung II" in Algiers which the Chinese hope to use as a forum for attacks on the US later this month (see next article). Chou seems to have scored some gains, but there are indications that opposition to Peiping is growing in some African states.

The only major stop on Chou's tour was in Tanzania, where he divided four days between Zanzibar and Dar es Salaam. Relations between Peiping and Tanzania have improved steadily during the past year--particularly since President Nyerere's state visit to Peiping last February--and Chou received a very cordial reception. The joint communiqué issued on 8 June went further than the Tanzanians have gone before in endorsing Chinese positions on Vietnam and called for "withdrawal of imperialist forces and settlement by the Vietnamese themselves."

Speeches by Tanzanian leaders during the visit, however, took a relatively moderate line in contrast to Chou's violent abuse of the US on every occasion. They stressed Tanzania's nonalignment and condemned "imperialism" only in pro forma terms.

Chou's militant remarks in Tanzania on the prospects for

revolution in Africa drew a sharp retort from the Kenyan Government. Referring to the Chinese premier's claim that the revolutionary situation is "exceedingly favorable," a government spokesman in Nairobi declared on 6 June that Kenya intends to "overt" all revolutions "irrespective of their origins."

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Other stops on Chou's tour were very brief--in some cases only an hour or so--and although he met with high officials, it seems unlikely that much business was conducted except perhaps in Pakistan. Chou spent most of one day in talks with President Ayub at Karachi, but no communiqué or other formal statement followed the meeting. Information available on Chou's other stops is limited, but indications are that the Afro-Asian conference was the main topic discussed. In Iraq, Syria, and the UAR, Chou repeated pledges of Chinese support for the Arab struggle against Israel. He had brief talks with UAR Prime Minister Ali Sabri, Iraqi President Arif, Syrian Prime Minister Hafiz, Sudanese Prime Minister Khalifa, and Ethiopian Foreign Minister Ketema.

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Asia-Africa

PREPARATIONS FOR SECOND AFRO-ASIAN CONFERENCE

Preparations for the Second Afro-Asian conference (Bandung II), which opens in Algiers on 29 June, have accelerated as high-level delegations of several countries shuttle throughout both continents.

Chinese Communist preparations have been highlighted by Premier Chou En-lai's one-week trip to Africa and the Middle East (see preceding article). Just prior to his trip Chou met with Indonesian Foreign Minister Subandrio in Canton, probably to coordinate tactics at the conference.

The Algerians, Indonesians, and Indians are also touring and lobbying intensively. New Delhi is anxious to prevent the meeting from being dominated by Communist China and Indonesia, in league with Pakistan. Moderate participants are applying considerable pressure on the eight or so West African governments which declined Algerian President Ben Bella's invitation in an effort to persuade them to reverse their decisions.

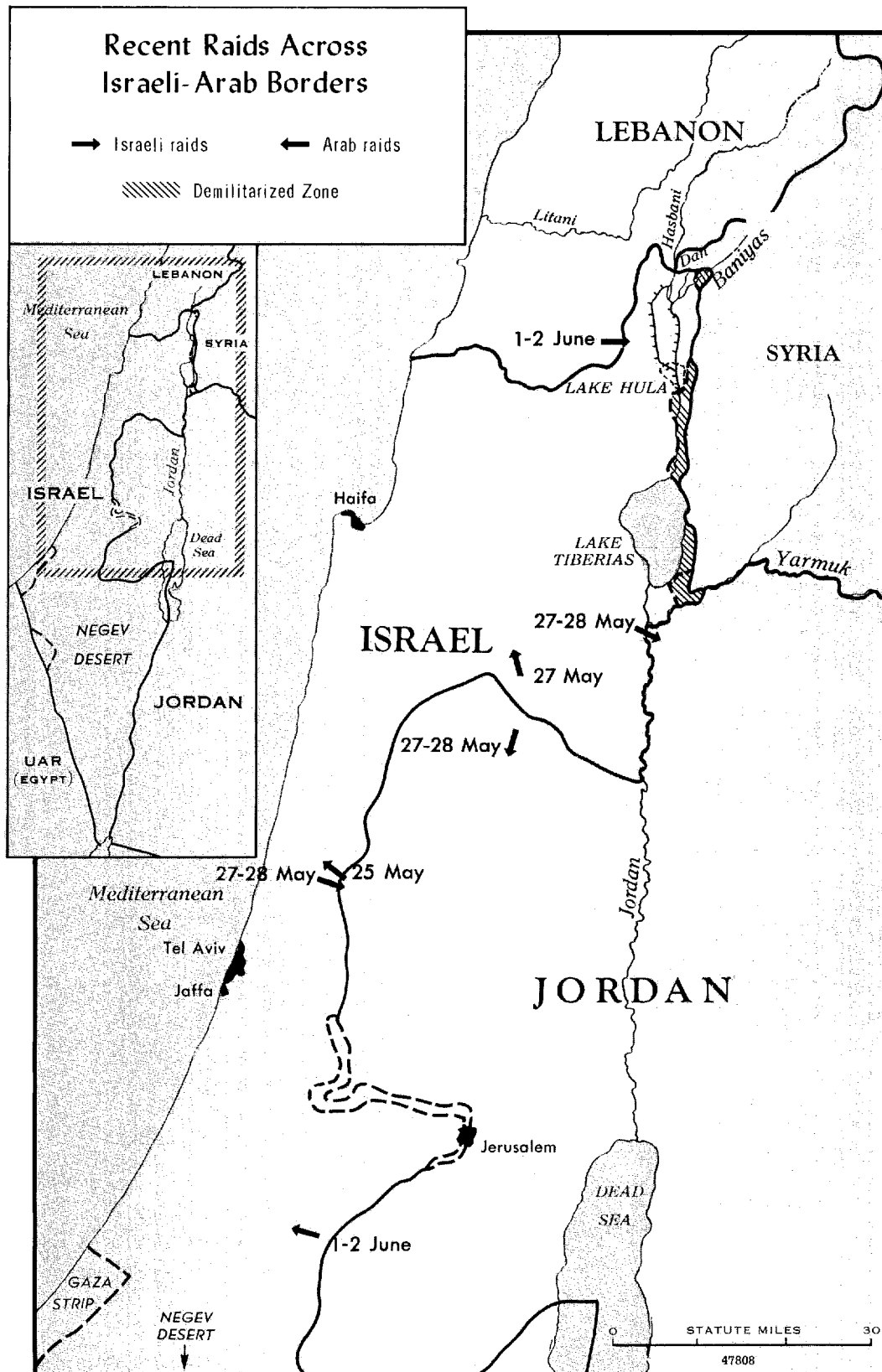
At the seventh, and final preparatory committee meeting last week end, the Chinese continued their efforts to keep the UN out of Afro-Asian economic af-

fairs. Charging that the UN was manipulated by the US, they maintained that a UN-sponsored economic resolution which was under consideration for endorsement to the full conference would impose no restraints on "imperialists" and offer no protection for underdeveloped countries.

The preparatory committee bucked the issue of invitations to the foreign ministers' meeting on 24 June. So far invitations have not gone to Malaysia, South Korea, South Vietnam, or the USSR. Unless Indonesia and Communist China persuade the conferees that all decisions be unanimous, present indications are that Malaysia will be invited and possibly also South Korea and the USSR. The chances for South Vietnam's admittance are slimmer; the Algerians, pressing to seat the Viet Cong, are in fact taking steps to keep the South Vietnamese delegation out of the country regardless of the decision.

A considerable number of African "liberation" groups will be admitted as observers,

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ARAB-ISRAELI BORDER TENSIONS CONTINUE

Jordan's King Husayn has adopted a tougher policy to control movement across his country's border with Israel following a succession of raids in each direction. The most recent Israeli strikes occurred on the night of 27-28 May against three alleged terrorist bases. Subsequently, raids into Israel were reportedly launched from Jordan and Lebanon.

Husayn, fearing his political position might otherwise become untenable, now has ordered retaliation with artillery fire for any future Israeli reprisals. In a parallel move he has beefed up Jordan's border force in an effort to prevent further

use of Jordanian territory for raids into Israel. These terrorist activities probably are conducted by a loosely organized group called "Fatah," which appears to be supported by Syria.

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INDO-PAKISTANI RELATIONS REMAIN STRAINED

Incidents continue at widely scattered points along the Indo-Pakistani border. Having been outfought in the Rann of Kutch and with the British mediation efforts still bogged down, India appears to be applying pressure at other spots. It has occupied a Pakistani post across the Kashmir cease-fire line, and has launched raids into East Pakistan. The Shastri government evidently has rejected any major military retaliation at the present time.

Pakistan, also anxious to avoid war, has reacted by deploying part of its single under-

strength division in East Pakistan north to the area of Indian concentration.

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So far Prime Minister Shastri has escaped any substantial criticism by pointing to the fact that mediation continues. As the time for the reconvening of Parliament in mid-August approaches, however, he will be under growing pressure to demonstrate his government's strength against Pakistan if the dispute has not been resolved.

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MALAYSIA'S DIFFICULTIES WITH SINGAPORE GROW

Tension between Singapore state and Malaysia's central government has reached a critical level during the past few weeks.

In a series of inflammatory speeches and statements, Singapore's Prime Minister Lee Kuan Yew has angered the Malay-dominated government at Kuala Lumpur by aggressively pushing his concept of a noncommunal Malaysia. Malay tempers were especially aroused by his assertion that Malays have no more right than any other people to consider themselves the indigenous race of the Malayan peninsula.

Ever since the formation of Malaysia in September 1963, Lee's predominantly Chinese People's Action Party (PAP) has opposed Malay political hegemony on the national level, and despite active opposition from Kuala Lumpur, has been trying to build an organization outside Singapore. Since early this year, Malay ultranationalist elements have been pressing Prime Minister Rahman's government to reduce Singapore's

status within the federation and suppress Lee and the PAP by any means necessary. The growing strength of these anti-Chinese elements has alarmed the Singaporeans.

Lee now is apparently trying to isolate the radical Malay elements by baiting them into extreme positions. On 30 May he publicly warned that Malaysia might disintegrate if ultranationalist influence prevails. These tactics may backfire, however, and cause Rahman to join ranks with the extremists and take repressive measures against the PAP, possibly including the arrest of Lee. At any rate, vigorous propaganda counterattacks from Kuala Lumpur are almost certain and could lead to communal violence in Singapore.

Meanwhile, peninsular Malaysia continues to be the target for Indonesian infiltration and sabotage efforts. Malaysian security forces are still tracking down members of three small guerrilla parties which have landed in southern Malaya since 30 May.

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THE FRENCH PRESIDENTIAL RACE

The decision of France's center and left political parties to work toward a united opposition strengthens the candidacy of Socialist Gaston Defferre in the 1965 presidential elections. Actual negotiations may founder, however, over issues which have traditionally divided these elements. In any event, no possible left-center combination is likely to muster the electoral strength needed to defeat De Gaulle.

Endorsement of the concept of an opposition federation by the Socialists (SFIO), the Popular Republicans (MRP), and the

Radicals represents the first major step toward a regrouping of the democratic opposition parties since their crushing defeat in the November 1962 parliamentary elections. Both the Radicals and the MRP are divided, however, on the issue of a center-left versus a center-only formula. The flexibility of the Catholic-oriented MRP in the forthcoming negotiations will be further limited by Socialist objections to aid to church schools.

The SFIO congress' endorsement of the federation concept was a victory for Defferre over

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party secretary general Guy Mollet. Mollet abandoned his fight to exclude the center parties when it became apparent that more than 80 percent of the local party bodies were prepared to support Defferre. Defferre's implicit threat to abandon his presidential candidacy and the appeal of party unity carried the day. Nevertheless, Mollet's re-election as secretary general leaves him in control of the party machinery, and Defferre will be closely supervised in the forthcoming negotiations.

Preliminary talks on an opposition federation opened this week, and the SFIO has already called for a party meeting to ratify the charter negotiated. Even if an accord is ratified, Defferre still faces major problems. Not the least of these is the outright opposition of the Communist Party, which usually controls over 20 percent of the vote. Moreover, a January poll showed 60 percent of the population satisfied with De Gaulle, with only 17 percent favorable to Defferre's candidacy even if De Gaulle does not run.

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NEW TENSIONS IN ITALIAN COALITION

Italian Premier Moro's government appears to have weathered a near crisis over the issue of movie censorship, but the dispute generated further tension within his delicately balanced coalition.

The government was threatened last week when the Chamber of Deputies unexpectedly passed an amendment to a draft film law which the cabinet had earlier approved. The amendment, sponsored by Moro's Christian Democratic (CD) Party, stipulated that Italian-made films must respect "ethical-social principles" to qualify for government financial aid. It was supported only by Neo-Fascists and Monarchists and opposed by all the other parties.

The CD's coalition partners objected to this implicit government censorship and to the

CD's violation of the coalition's agreement not to depend on votes from the parties of the extreme right or left to obtain passage of a bill. The minister of entertainment, Socialist Achille Corona, threatened to resign, and the directorate of his party affirmed it "would draw the necessary conclusions" from this break in the coalition's vote unless the amendment were dropped.

The coalition partners now are negotiating with CD leaders to present the draft law to the Senate in its original form. Further debate on the bill has been postponed until after the Sardinian elections on 13-14 June, which, if they go badly, could be a factor in triggering new dissension within the coalition.

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POLITICAL STORM IN GREECE

Recent revelations of political activity within the Greek Army have caused unusually deep bitterness between the country's two major political parties. Moreover, King Constantine's reliance on the military as a source of support for the crown has tended to drag the monarchy into the polemics.

The present controversy erupted following disclosure that a group of army officers strongly favorable to the Center Union government had formed a secret organization, called ASPIDA. The conservative opposition press charged that Andreas Papandreou, the prime minister's son and alternate minister of coordination, was supporting ASPIDA.

The progovernment and left-wing newspapers retaliated by calling for the immediate removal of senior officers who they contend form a "right wing junta" controlling the armed forces. Some of these rightist officers were accused of having conspired with former prime minister Karamanlis in attempting to influence the 1961 national elections, which Karamanlis won. The far

left newspapers included the King and "the Americans" in the criticism.

A government report on ASPIDA released on 7 June recommended that several of the 33 officers involved be cashiered or otherwise disciplined but played down the significance of the organization. It denied that the movement "had political aspirations" or was connected with any political personality.

At the same time, the prime minister announced that officers involved in the election controversy would be referred to a court-martial. This move ensures that the army will continue to be the center of controversy for some months to come. Opposition newspapers have warned that the country is on the verge of "an acute national crisis" and have appealed to the King to remove Papandreou.

Thus far, no open break between the King and the prime minister has occurred but in the present atmosphere the actions of irresponsible supporters of both men may force a confrontation. As the two nationalist parties flail at one another, the prestige of the Communist-front United Democratic Left, third largest party, probably is increasing.

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EEC STILL SEEKING AGREEMENT ON AGRICULTURAL FINANCING

The EEC Council on 14 and 15 June will again take up the crucial issue of financing the community's common agricultural policy (CAP). Current financing arrangements expire on 30 June, but it is doubtful a solution will be found by then because of the high political stakes involved.

The EEC Commission wants the question considered in a package agreement assuring the community an independent source of revenue and giving the European Parliament a measure of control over the community budget. All the member states have reservations about this plan, but the major conflict is between France, which wants a decision only on CAP financing, and the other five, which feel the measures form a necessary whole. None of the five wants a showdown with France at this

time, but neither do they wish to sacrifice the commission's objective of advancing toward a stronger and more democratic EEC structure.

A suggested interim solution would temporarily extend the burden-sharing system now in effect. France has been counting, however, on a reduction in its contribution to the agricultural fund, which will be meeting expenditures of \$1.3 billion by 1967. Moreover, the commission's plan to complete and put the CAP fully into effect by July 1967 is basically in the French interest. The commission's bargaining position in opposing any prejudicial compromise is also strengthened by the fact that the EEC treaty gives it sole authority to offer any new proposal.

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Western Hemisphere

SITUATION IN THE DOMINICAN REPUBLIC

Tension is increasing in Santo Domingo as the loyalists and rebels harden their positions and refuse to compromise. The rebels are taking an increasingly anti-US stand and will probably provoke additional violence in the interior.

Suspicion among the rebels themselves is growing as indicated by the Caamano regime's arrest of three rebel militiamen accused of spying and by reports of an exchange of fire between a Communist paramilitary unit and a contingent loyal to Caamano. The rebels have been more cautious about admitting people to their zone of Santo Domingo, and visitors report that for the first time they feel uneasy.

The increase of anti-US propaganda from the rebel camp--including descriptions of US troops as "gangsters"--probably results from a feeling that the US now is preventing a settlement favorable to the rebels. A principal theme of a well-attended rebel rally last week end was opposition to the US role in the Dominican Republic. On 9 June 1,000 angry rebels chanted "go home, Yankee murderers," as they released three captive American soldiers.

In a major policy speech on 8 June Caamano defined the rebel goals in terms that indicate no compromise solution is possible. He demanded that any solution include five points: retention of the Constitution

of 1963, maintenance of the congress elected with Juan Bosch, incorporation of "Constitutionalist" military leaders in the armed forces, formation of a government of "democratic personalities" (probably excluding Antonio Imbert), and immediate departure of the "interventionist forces." The Imbert government finds the first four of these provisions unacceptable.

Imbert, for his part, has retreated somewhat from his spontaneous decision to allow the Organization of American States (OAS) to conduct free elections. He said that any political solution must be preceded by a solution of "the Caamano problem" and, since that is unlikely, the Inter-American Peace Force (IAPF) should step aside and allow the loyalists to finish the rebels off.

Imbert's position was probably the result of pressure on him by loyalist military leaders. These officers, who opposed the transfer of the National Palace to OAS control, are against any further concessions and may be considering direct action against the rebels. The tension between Imbert and the military last week sparked rumors of a possible coup against him. Imbert was probably encouraged, however, by the newly voiced support of an important conservative politician, Viriato Fiallo, who had previously remained aloof from him. Fiallo,

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like many Dominicans, feels that there is no alternative to Imbert.

The OAS Committee composed of representatives of the US, Brazil, and El Salvador now has the main responsibility for finding a political solution. The proposal for a provisional regime headed by Antonio Guzman of the Bosch political party is interpreted as being too favorable to the pro-Bosch rebels, and the possibility of finding a "third force" acceptable to the rebels now appears dim. It was hoped that business and professional leaders who desire an apolitical settlement would step forward but they seem somewhat reluctant to take the risks that such an initiative would entail.

In the interior the prospect of violence seems to be increasing. There have been several recent attacks on police and army posts in which members of the pro-Castro Fourteenth of June Political Group (APCJ) have participated. In addition the APCJ and the Marxist Dominican Popular Movement have continued to send weapons into the countryside. Monday, 14 June, is the anniversary of the abortive 1959 Castro-backed invasion aimed at ousting the Trujillo dictatorship. The APCJ, which derives its name from that date, will

probably celebrate with demonstrations that may provoke violence. Police and military units have been ordered to arrest potential troublemakers.

In Santo Domingo the Latin American units in the IAPF are taking increased responsibility for patrolling the International Security Zone. The Brazilians in particular have proved highly effective, as the rebels have evidently been reluctant to fire on other Latin Americans. Their effectiveness and the lack of military action have permitted the withdrawal of all US Marines.

The actions of United Nations special representative Jose Mayobre indicate that he continues to desire an expansion of the UN's role in the Dominican crisis. The US representative on the OAS Committee, Ellsworth Bunker, feels that Mayobre is still attempting to mediate instead of confining his role to one of reporting.

In the UN Security Council the Soviet Union and France have been pressing for an expansion of the UN mission in the Dominican Republic. If this were done, there might be an attempt to include a French or Soviet member.

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IMPLEMENTATION OF BOLIVIAN MINE REFORM PROGRESSES

Bolivian junta Co-Presidents Barrientos and Ovando are visiting the mining region in an attempt to persuade the miners to accept reforms decreed for the state mining corporation (COMIBOL). Barrientos told the US air attaché in La Paz that he will order military occupation of the mines to enforce reforms.

The workers offered no resistance when teams of military interventors entered the mines earlier this week to try to implement the new COMIBOL regulations. It is not clear, however, whether the government representatives have had much success in asserting their authority, especially in the larger mine complexes around Oruro. The miners strongly object to any salary reductions and layoffs, but COMIBOL officials consider these key points of the decree and refuse to back down on them.

Paratroopers and additional army regulars have moved into the Oruro area and are awaiting a government order to occupy Huanuni, Catavi - Siglo Veinte, and Colquiri mines. Army troops this week paraded through Oruro with full field equipment, and the paratroopers held a jump show outside the city. These demonstrations were designed to intimidate the miners and spare the junta the onus of violence and bloodshed. Chances are, however, that worker resistance to at least some reform measures will force military occupation of the mines. If Barrientos should hesitate to order such a step, antijunta elements in the mines and among the politicians will attempt to exploit this sign of weakness.

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PERONISTS STEP UP OPPOSITION TO ARGENTINE GOVERNMENT

Argentina's Peronists recently announced their intention to relaunch the "battle plan" their General Confederation of Labor used to create unrest and instability last year. Peronist leaders have not yet decided, however, whether to concentrate on direct agitation or to rely on their increased strength in Congress.

Before the new Congress convened on 1 May, Peronist members united in a major opposition bloc and considered prospective

legislative proposals, including bills which would facilitate Peron's return. There has still been no test of government and Peronist strength, however, because the unusually slow congressional reorganization has not yet permitted new legislation to be initiated.

However, in a special session of the Chamber of Deputies, many Peronist deputies joined other political leaders in bitter attacks on US action in Santo Domingo and in rejecting

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the possible dispatch of Argentine troops. Later they joined the majority in supporting a resolution condemning US intervention. In addition, the extremist Peronist Revolutionary Movement (MRP) and its youth wing reportedly have threatened reprisals against US personnel and property if Argentine troops are sent.

Probably hoping to exploit displeasure among the military over the failure to send troops, some Peronist leaders appear to be trying to provoke further trouble between the government and the military over the Communist issue. Peronist congressional and labor leaders recently protested the Uruguayan Government's banning of the Communist-sponsored Congress for Self-Determination of Peoples and Solidarity with Cuba, which was to

have opened on 18 June in Montevideo. Some unofficial Peronist participation in that congress is possible if an alternate site can be found.

Peronist leadership struggles may complicate the decision on tactics. Hard-line labor leaders, including those recently elected to the national chamber, may attempt to strengthen their competitive positions within the Peronist movement through demonstrations, strikes, and violence. Moderate Peronist leaders, however, alert to possible military repression and their future electoral chances, will probably choose peaceful tactics to achieve their goals. Whether or not the two methods are coordinated, both probably will be employed.

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BRAZIL'S ECONOMIC RECESSION CAUSING ANXIETY

Brazil's economic recession, now in its fourth month, is causing widespread dissatisfaction with the Castello Branco regime among business and labor groups. Increasing criticism of the government's basic economic program is particularly strong in the politically vital Sao Paulo industrial sector.

Statistics are sketchy, but production has been cut back in key industries, including auto manufacturing and textiles, and sales in a number of consumer lines are low. Employment in Sao Paulo is reportedly down by

at least seven percent over the first of the year. Foreign firms appear to be holding back on investment plans because of the uncertain economic picture.

The government maintains that these difficulties are temporary but necessary if the economy is to evolve from a state of near hyperinflation. Officials point out that the administration's economic stabilization program is progressing satisfactorily, and that cost-of-living indexes are approaching a manageable level.

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Nevertheless, the administration has some antirecession measures under way: public works and housing projects are being accelerated, consumer credit has been expanded, and special tax relief measures have been proposed. No upturn seems in prospect, however, for at least three or four months.

As a result, the regime is probably more unpopular than at any time since it took over in April

1964, and critics have intensified their attacks. Guanabara Governor Carlos Lacerda, a leading contender for the presidency in next year's election, delivered his strongest blast yet against Planning Minister Campos and his economic program in a television speech lasting several hours. For the first time Lacerda's charges appear to be making an impact on many businessmen. [REDACTED]

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LEFTIST INFLUENCE IN LABOR GROWING IN PANAMA

Despite settlement of Panama's second major labor dispute in three months, President Marco Robles continues to face the threat of labor unrest, especially in the banana zone of Chiriqui Province. Robles has also alienated the oligarchy in his handling of the walkouts.

Robles was obliged to intervene personally to end the strike in April, when sugar workers won enough support to tie up Panama City in a 24-hour general strike. The Communist-led People's Party (PDP) played a prominent role in inducing the strikers to accept an agreement. The sugar strike pointed up the increased activity in recruiting and organizing labor on the part of Communist and extremist groups.

The PDP has stepped up its efforts to penetrate unions, organize workers' fronts, and promote activities of the labor federation it controls. Other extremists are

also busily courting labor. Socialist National Assemblyman Carlos Ivan Zuniga, for example, is using his growing influence to boost the importance of labor, perhaps with an eye toward eventually replacing Arnulfo Arias --Robles opponent in last year's presidential election--as a working-class spokesman.

The growing activity of labor and the burgeoning influence of the PDP and other extremist groups will present difficult problems to the Robles government. Robles' involvement in ending the sugar strike may have set a dangerous precedent. By placing himself between the workers and the oligarchy in trying to mediate strikes and seek concessions from the wealthy class, he may further alienate the element responsible for his election. The beneficiary of these disputes will be the Communists and especially Zuniga, who takes credit for labor's victories. [REDACTED]

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